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C O N F I D E N T I A L SECTION 01 OF 02 SHENYANG 000183

SIPDIS

DEPARTMENT FOR EAP/K, EAP/CM, INR
MOSCOW PASS TO VLADIVOSTOK

E.O. 12958: DECL: TEN YEARS AFTER KOREAN UNIFICATION

TAGS: CH EAID ECON EFIN KN KS PARM PGOV PREL

SUBJECT: YANBIAN PRC ACADEMIC ON DPRK: NO WAY OUT,
NORTH KOREANS WANT LOANS

REF: 08 SHENYANG 185

Classified By: Consul General Stephen B. Wickman. Reasons 1.4(b/d).

¶1. (C) SUMMARY: According to a well-connected Chinese expert on DPRK issues, the international community missed its opportunity to negotiate away the North Korean nuclear program in 2006. He questioned the U.S. "exit strategy" and inquired if the United States could stomach a nuclear and proliferating North Korea. He said the North Koreans are most interested in receiving loans from multilateral development banks and that bilateral agreements, such as those struck during Premier Wen Jiabao's October 6 visit to Pyongyang, are less desirable. END SUMMARY.

¶2. (U) Consul General and ConGenOff traveled to Jilin Province's Yanbian Korean Autonomous Prefecture October 15-18 to participate in the celebration of Yanbian University's 60th anniversary. Notable guests included former Sino-Korean State Ethnic Affairs Commission Chairman Li Dezhu, Vice Minister of Education Lu Xin, Jilin Province Party Secretary Wang Min, Kim Il-Sung University President Song Ja-rip, and the Director of the North Korean Academy of Social Sciences.

YOU GUYS BLEW IT: DPRK WON'T DENUCLEARIZE NOW

¶3. (C) The Consul General met with Professor and Dean of Yanbian University's Northeast Asia Institute Jin Qiangyi on October 16 on the sidelines of the anniversary festivities during a short dinner that included Jin's colleague and the university's Foreign Affairs Office (FAO) Director. Based on a lifetime of experience working with North Korean academic and governmental interlocutors, Jin said the international community had lost its brief opportunity to denuclearize North Korea, namely, the period before the DPRK detonated its first explosive device in 2006. Prior to 2006, the North Koreans were never quite sure they would be able to go nuclear and thus were still in a position to "bargain away what they didn't have" in exchange for aid and other inducements. Now that the DPRK has nuclear status, it would be impossible for the North Koreans to voluntarily give up their programs.

¶4. (C) Jin was also skeptical about the efficacy of UN sanctions and international action to prevent proliferation, on the one hand, and to reform the country, on the other. On proliferation, Jin predicted that it would impossible to stop the North Koreans from eventually transferring a nuclear device to another party if they wanted to. He and

Li Zhonglin, the Sino-Korean Economics Chief of Jin's institute, readily surmised that any DPRK use of nuclear weapons, in an offensive, defensive, or even accidental capacity would signal the destruction of the DPRK and the Kim Jong-il regime. Even so, Jin doubted the United States could or would be willing to do anything substantial should the North Koreans manage to smuggle out any nuclear technology. He also said that while China and other regional Northeast Asian member states may not see great immediate economic or political gains in dealing with North Korea, with the passage of time it would be unrealistic to expect they would avoid engaging in any self-interested trade and interaction with the DPRK.

INTERNATIONAL MULTILATERAL LOANS FOR NORTH KOREA?

15. (C) On two separate occasions, Jin asked if the U.S. would block any World Bank and IMF loans to North Korea should something like ROK President Lee Myung-bak's "grand bargain" go forward. Jin said he thought that the North Korean state, before and after Kim Jong-Il's succession, could indefinitely survive, pointing to the regime's ability to weather serious systemic shocks over the past 15 years. However, he did not think the DPRK was in a position to open up or reform in the current international environment of hostility, which encouraged the DPRK leadership to look inward. Nor was Jin optimistic about the possibility for change in the near future.

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KIM JONG-IL AND WEN JIABAO ACCORDS: DON'T BE FOOLED

16. (C) The various agreements with the DPRK announced by Wen Jiabao evoked hardly a yawn and more than a little skepticism from our guests. FAO Director Liu Mingzhu laughed when ConGenOff asked about the Rason port development proposals, saying "such proposals are made all of the time" and that it remained to be seen if any of these projects would ever come to fruition.

17. (C) When Professor Li Zhonglin elaborated on the expulsion of the Chinese from Pier 3 in 2008 and the new deal to bring them back to Pier 1 (reftel) in exchange for Chinese funding to pave the road between Quanhe-Wonjongni Land Port and Rason, Jin pointedly asked Li where he had gotten this information. Li said that the Hunchun City FAO had boasted to him earlier about the deal, prompting Jin to chuckle and say "of course that is what the Hunchun FAO wants you to believe." Li agreed with Jin and said that he too found it unlikely that any of the Wen agreements would lead to anything, pointing to the Quanhe-Wonjongni Land Port bridge project as a prime example of North Korean delays and disinterest in Chinese investment.

18. (C) Li said that the dilapidated 50-plus-year-old bridge spanning the Tumen River needed to be replaced immediately and that both the Chinese and North Korean authorities were aware of its precarious situation. However, for the better part of the last decade, even after the Chinese offered to fund the vast majority of the bridge's replacement costs, the North Koreans have refused to act on any of the proposals.

WICKMAN